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STATE PASS TO ISN/MTR

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TAGS: [PARM](#) [PREL](#) [MTCRE](#) [IR](#) [TU](#) [KS](#)
SUBJECT: ROKG CANNOT PREVENT TURKISH FIRM FROM ACQUIRING
SOUTH KOREAN MACHINE TOOLS

REF: A. STATE 28283
[1](#)B. SEOUL 504

Classified By: POLMC Joseph Yun for reasons 1.4 (b,c,d).

[1](#)1. (C) Summary: Kim Jae-woo of the Disarmament & Nonproliferation Division in the Ministry of Foreign Affairs and Trade on April 24 reported to poloff the results of the ROKG's investigation of Ak Makina's attempt to purchase computer numerically controlled (CNC) machine tools from Hyundai-Kia (reftels). The ROKG's investigation did not uncover evidence to support the USG's claims in reftel A or any irregularities in the transaction in the ROK. In order for the ROKG to intervene and prevent a transaction, the companies involved need to be on a sanctioned/denial list, the items sought need to be on a control list, false obligatory documents were submitted, or the domicile country for the acquiring firm was not a cooperating member of a multilateral control regime. End summary.

[1](#)2. (C) Kim said that the ROKG's investigation did not uncover evidence to support the USG's claims in reftel A or any irregularities in the transaction in the ROK. The investigation determined that Hyundai-Kia has maintained a business relationship with Ak Makina for more than ten years, with the transaction in reftel A occurring in December 2008. The investigation did not uncover any transactions for 2009, but Kim said that in many cases, the transactions take some time before they are registered as completed. Kim said that the Korean company did not apply for an export license because the CNC machine tools were not listed as weapons of mass destruction (WMD), as controlled items under any of the multilateral control regimes, or on the ROK's own control list. In addition, neither the Korean company or Ak Makina is on a watch list. Given these conditions, the Korean company does not apply for an export license and the ROKG does not require the buying company to submit end-user assurances documents. Since the Government of Turkey (GOT) has an established record of cooperating within the multilateral control regimes, there was no basis for the ROKG to question the efficacy of GOT nonproliferation efforts.

[1](#)3. (C) Kim said that in order for the ROKG to intervene and prevent a transaction, one of the following six conditions should be met:

-- Either the Korean company or the direct purchaser was listed on the Missile Technology Control Regime (MTCR) or Nuclear Suppliers Group (NSG) sanctioned/denial list,

-- If the items sought were on the control list in the technical annex of the MTCR or NSG,

-- Evidence that the seller fraudulently obtained an export license for a controlled item,

-- Evidence that the buyer submitted end-user assurances

under false pretexts or submitted fraudulent end-user assurances in order to obtain a controlled item,

-- If the domicile country of the purchasing firm was not a party or cooperating with any of the multilateral control regimes,

-- The USG has conclusive or material evidence of an illegal or questionable transfer, such as a copy of a contract.

¶4. (C) Kim said that while the ROKG was committed to combating the proliferation of items that could be used to manufacture WMDs, it was a "burden for the ROK to investigate these cases" when none of the conditions in para 3 were met. Nevertheless, Kim said that the ROKG welcomed input regarding Ak Makina and will continue its vigilance regarding transactions with this company.
STEPHENS